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CANADA SCHOOL OF PUBLIC SERVICE

FINANCIAL STATEMENTS

(Unaudited)

For the year ended March 31, 2017

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Canada

Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2017, and all information contained in these statements rests with the management of the Canada School of Public Service (the School). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the School's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the School's Departmental Results Report is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the Financial Administration Act, the Canada School of Public Service Act and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the School and through conducting an annual risk-based assessment of the effectiveness of the system of internal control over financial reporting.

The system of internal control over financial reporting is designed to mitigate risks to a reasonable level based on an ongoing process to identify key risks, to assess effectiveness of associated key controls and to make any necessary adjustments.

The School is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board Policy on Internal Control.

A Core Control Audit was performed in 2014–2015 by the Office of the Comptroller General. The Audit Report and related Management Action Plan are posted on the School's website.

The financial statements of the School have not been audited.

Original signed by:

Wilma Vreeswijk
Deputy Minister/President

August 24, 2017
Ottawa, Canada

Joanne Lalonde
A/Vice-President, Corporate Services Branch
and Chief Financial Officer

August 23, 2017
Ottawa, Canada

Statement of Financial Position (Unaudited)

As at March 31 (in thousands of dollars)	2017	2016
Liabilities		
Accounts payable and accrued liabilities (note 4)	**9,813**	12,484
Vacation pay and compensatory leave	**2,918**	2,546
Employee future benefits (note 5)	**2,757**	3,757
Other liabilities	**1**	1
Total liabilities	**15,489**	18,788
Financial assets		
Due from the Consolidated Revenue Fund	**8,594**	12,281
Accounts receivable and advances (note 6)	**2,390**	971
Total financial assets	**10,984**	13,252
Departmental net debt	**4,505**	5,536
Non-financial assets		
Prepaid expenses	72	58
Tangible capital assets (note 7)	**4,856**	5,129
Total non-financial assets	**4,928**	5,187
Departmental net financial position	**423**	(349)

The accompanying notes form an integral part of the financial statements.

Original signed by:

Wilma Vreeswijk
Deputy Minister/President

August 24, 2017
Ottawa, Canada

Joanne Lalonde
A/Vice-President, Corporate Services Branch
and Chief Financial Officer

August 23, 2017
Ottawa, Canada

Statement of Operations and Departmental Net Financial Position (Unaudited)

For the year ended March 31 (in thousands of dollars)	Planned Results 2017	2017	2016
Expenses			
Learning Services	**76,529**	**70,368**	66,475
Internal Services	**24,489**	**25,092**	37,291
Total expenses	**101,018**	**95,460**	103,766
Revenues			
Sales of goods and services	**6,055**	**7,973**	11,719
Other revenues	**-**	**5**	4
Total revenues	**6,055**	**7,978**	11,723
Net cost of operations before government funding and transfers	**94,963**	**87,482**	92,043
Government funding and transfers			
Net cash provided by Government		**77,950**	77,690
Change in due from Consolidated Revenue Fund		**(3,687)**	2,624
Services provided without charge by other government departments (note 8)		**13,991**	14,434
Transfer of the transition payments for implementing salary payments in arrears		**-**	(19)
Transfer of tangible capital assets from (to) other government departments		**-**	(17)
Net cost (revenue) of operations after government funding and transfers		**(772)**	(2,669)
Departmental net financial position – Beginning of year		**(349)**	(3,018)
Departmental net financial position – End of year		**423**	(349)

Segmented information (note 9)

The accompanying notes form an integral part of the financial statements.

Statement of Change in Departmental Net Debt (Unaudited)

For the year ended March 31 (in thousands of dollars)	2017	2016
Net cost (revenue) of operations after government funding and transfers	**(772)**	(2,669)
Change due to tangible capital assets		
Acquisition of tangible capital assets	**835**	2,843
Amortization of tangible capital assets	**(1,109)**	(914)
Gain (loss) on disposal of tangible capital assets, including adjustments	**1**	(7)
Transfer from (to) other government departments	**-**	(17)
Total change due to tangible capital assets	**(273)**	1,905
Change due to prepaid expenses	**14**	(615)
Net increase (decrease) in departmental net debt	**(1,031)**	(1,379)
Departmental net debt – Beginning of year	**5,536**	6,915
Departmental net debt – End of year	**4,505**	5,536

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows (Unaudited)

For the year ended March 31 (in thousands of dollars)	2017	2016
Operating activities		
Net cost of operations before government funding and transfers	**87,482**	92,043
Non-cash items		
Amortization of tangible capital assets (note 7)	**(1,109)**	(914)
Gain (loss) on disposal of tangible capital assets, including adjustments	**1**	(7)
Services provided without charge by other government departments (note 8)	**(13,991)**	(14,434)
Transition payments for implementing salary payments in arrears	**-**	19
Variations in Statement of Financial Position		
Increase (decrease) in accounts receivable and accountable advances	**1,419**	(189)
Increase (decrease) in prepaid expenses	**14**	(615)
Decrease (increase) in accounts payable and accrued liabilities	**2,671**	(1,424)
Decrease (increase) in vacation pay and compensatory leave	**(372)**	132
Decrease (increase) in employee future benefits	**1,000**	232
Decrease (increase) in other liabilities	**-**	4
Cash used in operating activities	77,115	74,847
Capital investing activities		
Acquisitions of tangible capital assets (note 7)	**835**	2,843
Cash used in capital investing activities	**835**	2,843
Net cash provided by Government of Canada	**77,950**	77,690

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements (Unaudited)

For the year ended March 31

1. Authority and objectives

On April 1, 2004, amendments to the Canadian Centre for Management Development Act were proclaimed and the organization was renamed the Canada School of Public Service (the School). The amended legislation, now entitled the Canada School of Public Service Act, continues and expands the mandate of the former organization as a departmental corporation. The School reports to the President of the Treasury Board.

The School has a single strategic outcome: "Public servants have the common knowledge and the leadership and management competencies they require to fulfill their responsibilities in serving Canadians." One program supports this strategic outcome: Learning Services.

The School was created to ensure that employees of its client departments in the core federal public administration have the required competencies and common knowledge to serve Canadians in the most efficient and effective way possible. To achieve this goal, the School continues to offer a strong, consistent curriculum that focuses on the key skills and knowledge required by a dynamic public service that must constantly adapt to the needs of its stakeholders and Canadians.

2. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The School is financed primarily by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the School do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a reconciliation between the bases of reporting. The planned results amounts in the "Expenses" and "Revenues" sections of the Statement of Operations and Departmental Net Financial Positions are the amounts reported in the Future-oriented Statement of Operations included in the 2016–17 Report on Plans and Priorities. Planned results are not presented in the "Government funding and transfers" section of the Statement of Operations and Departmental Net Financial Position and in the Statement of Change in Departmental Net Debt because these amounts were not included in the 2016–17 Report on Plans and Priorities.

Notes to the Financial Statements (Unaudited)

For the year ended March 31

2. Summary of significant accounting policies (Continued)

(b) Net cash provided by Government

The School operates within the Consolidated Revenue Fund, which is administered by the Receiver General for Canada. All cash received by the School is deposited to the Consolidated Revenue Fund, and all cash disbursements made by the School are paid from the Consolidated Revenue Fund. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

(c) Due from or to the Consolidated Revenue Fund

Amounts due from or to the Consolidated Revenue Fund are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the Consolidated Revenue Fund. Amounts due from the Consolidated Revenue Fund represent the net amount of cash that the School is entitled to draw from the Consolidated Revenue Fund without further authorities to discharge its liabilities.

(d) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses

Expenses are recorded on an accrual basis:

- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation and employer contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

- ✓ **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government of Canada. The School's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The School's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- ✓ **Severance benefits:** Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

Notes to the Financial Statements (Unaudited)

For the year ended March 31

2. Summary of significant accounting policies (Continued)

(g) Accounts receivable and advances

Accounts receivable and advances are stated at the lower of cost or net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

(h) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $5,000 or more are recorded at their acquisition cost. The School does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Asset class	Amortization period
Machinery and Equipment	5-10 years
Other Equipment (including furniture)	5-12 years
Informatics Hardware	3-5 years
Software (including developed software)	3-5 years
Leasehold Improvements	2-10 years

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

(i) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the allowance for doubtful accounts, the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically, and as adjustments become necessary, they are recorded in the financial statements in the year they become known.

Notes to the Financial Statements (Unaudited)

For the year ended March 31

3. Parliamentary authorities

The School receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the School has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used

(in thousands of dollars)	2017	2016
Net cost of operations before government funding and transfers	**87,482**	92,043
Adjustments for items affecting net cost of operations but not affecting authorities		
Revenues	**7,978**	11,723
Services provided without charge by other government departments	**(13,991)**	(14,434)
Decrease (increase) in employee future benefits	**1,000**	232
Amortization of tangible capital assets	**(1,109)**	(914)
Gain (loss) on disposal of tangible capital assets	**-**	(7)
Refund of prior years' expenditures	**975**	228
Decrease (increase) in vacation pay and compensatory leave	**(372)**	132
Other	**(28)**	902
Total adjustments for items affecting net cost of operations but not affecting authorities	**(5,547)**	(2,138)
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisition of tangible capital assets (note 7)	**835**	2,843
Transition payments for implementing salary payments in arrears	**-**	19
Increase (decrease) in prepaid expenses	**14**	(615)
Total adjustments for items not affecting net cost of operations but affecting authorities	**849**	2,247
Current year authorities used	**82,784**	92,152

Notes to the Financial Statements (Unaudited)

For the year ended March 31

3. Parliamentary authorities (Continued)

(b) Authorities provided and used

(in thousands of dollars)	2017	2016
Authorities provided		
Vote 1 – Program expenditures	**71,454**	55,790
Less		
Lapsed authorities	**(2,992)**	(4,967)
Total authorities used	**68,462**	50,823
Statutory authorities		
Spending of revenues pursuant to subsection 18(2) of the Canada School of Public Service Act	**7,297**	32,849
Contributions to employee benefits plan	**7,021**	8,480
Spending of proceeds from the disposal of surplus Crown assets	**4**	-
Total statutory authorities used	**14,322**	41,329
Current year authorities used	**82,784**	92,152

4. Accounts payable and accrued liabilities

The following table presents details of the School's accounts payable and accrued liabilities:

(in thousands of dollars)	2017	2016
Accounts payable – Other government departments and agencies	**982**	6,409
Accounts payable – External parties	**1,918**	2,229
Total accounts payable	**2,900**	8,638
Accrued liabilities	**6,913**	3,846
Total accounts payable and accrued liabilities	**9,813**	12,484

Notes to the Financial Statements (Unaudited)

For the year ended March 31

5. Employee future benefits

(a) Pension benefits

The School's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Québec Pension Plan benefits, and they are indexed to inflation.

Both the employees and the School contribute to the cost of the Plan. Due to the amendment of the Public Service Superannuation Act following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups – Group 1 consists of existing plan members as of December 31, 2012 and Group 2 consists of members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate.

The 2016–2017 expense amounts to $4.9 million ($5.8 million in 2015–2016). For Group 1 members, the expense represents approximately 1.12 times (1.25 times in 2015–2016) the employee contributions and, for Group 2 members, approximately 1.08 times (1.24 times in 2015–2016) the employee contributions.

The School's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

Severance benefits provided to the School's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2017, substantially all settlements for immediate cash-out were completed. Severance benefits are unfunded and, consequently, the outstanding obligation will be paid from future authorities.

The changes in the obligations during the year were as follows:

(in thousands of dollars)	2017	2016
Accrued benefit obligation – beginning of year	**3,757**	3,989
Expense for the year	**(856)**	1,009
Benefits paid during the year	**(144)**	(1,241)
Accrued benefit obligation – end of year	**2,757**	3,757

Notes to the Financial Statements (Unaudited)

For the year ended March 31

6. Accounts receivable and advances

The following table presents details of the School's accounts receivable and advances balances:

(in thousands of dollars)	2017	2016
Receivables – Other government departments and agencies	1,576	774
Receivables – External parties	877	248
Employee advances	-	8
Subtotal	**2,453**	1,030
Allowance for doubtful accounts on receivables from external parties	(63)	(59)
Accounts receivable and advances	**2,390**	971

Notes to the Financial Statements (Unaudited)

For the year ended March 31

7. Tangible capital assets

	(in thousands of dollars)											
	Cost					Accumulated amortization					Net book value	
Capital asset class	Opening balance	Acquisitions	Adjustments	Disposals and write-offs	Closing balance	Opening balance	Amortization	Adjustments	Disposals and write-offs	Closing balance	2017	2016
Machinery and equipment	2,502	835	-	(8)	3,329	688	421	-	(8)	1,101	2,228	1,814
Other equipment (including furniture)	145	-	-	-	145	94	13	-	-	107	38	51
Informatics hardware	506	-	-	-	506	245	86	-	-	331	175	261
Software (including developed software)	10,543	-	-	-	10,543	8,872	419	-	-	9,291	1,252	1,671
Leasehold improvements	1,966	-	-	-	1,966	855	170	-	-	1,025	941	1,111
Assets under construction	221	-	1	-	222	-	-	-	-	-	222	221
Total	15,883	835	1	(8)	16,711	10,754	1,109	-	(8)	11,855	4,856	5,129

Notes to the Financial Statements (Unaudited)

For the year ended March 31

8. Related party transactions

The School is related as a result of common ownership to all government departments, agencies and Crown corporations. The School enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Common services provided without charge by other government departments

During the year, the School received services without charge from certain common service organizations related to accommodation and the employer's contribution to the health and dental insurance plans. These services provided without charge have been recorded in the School's Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	2017	2016
Accommodation	**9,188**	9,467
Employer's contribution to the health and dental insurance plans	**4,803**	4,967
Total common services provided without charge from other government departments	**13,991**	14,434

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as payroll and cheque issuance services provided by Public Services and Procurement Canada, are not included in the School's Statement of Operations and Departmental Net Financial Position.

(b) Other transactions with related parties

(in thousands of dollars)	2017	2016
Expenses – Other government departments and agencies	**20,148**	27,572
Revenues – Other government departments and agencies	**7,873**	11,397

Expenses and revenues disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

Notes to the Financial Statements (Unaudited)

For the year ended March 31

9. Segmented information

Presentation by segment is based on the School's Program Alignment Architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Learning Services	Internal Services	2017	2016
Operating expenses				
Salaries and employee benefits	46,019	16,446	**62,465**	69,608
Professional and special services	11,173	4,301	**15,474**	14,688
Rental of accommodation and equipment	8,420	2,820	**11,240**	12,137
Transportation and telecommunications	1,586	289	**1,875**	2,879
Utilities, materials and supplies	208	191	**399**	434
Small equipment and parts	584	233	**817**	1,202
Printing and publishing	500	135	**635**	701
Amortization of tangible capital assets	912	197	**1,109**	914
Repair and maintenance	965	456	**1,421**	576
Other operating expenses	1	24	**25**	620
Loss on disposal of tangible capital assets	-	-	**-**	7
Total expenses	70,368	25,092	**95,460**	103,766
Revenues				
Sales of goods and services	7,973	-	**7,973**	11,719
Other revenues	5	-	**5**	4
Total revenues	7,978	-	**7,978**	11,723
Net cost of operations before government funding and transfers	**62,390**	**25,092**	**87,482**	92,043